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Content Producers Must Adapt to Survive

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When it comes to delivering content for the intranet, many corporations rely on external information providers such as Dialog, Factiva, and LexisNexis. Firms often use these subscription services to drive traffic to the intranet and keep employees informed about their own company, the competition, and their industry in general.

But enterprise budgets for subscription content remain flat, and subscription services are being challenged by new, less expensive sources of information.

Firms typically use intranets to inform their staff broadly, which can be a particular challenge in large, highly diversified companies. "External topics make the intranet as dynamic as possible, adding freshness," Karin Borchert, chief product officer at Factiva, said. Factiva, a joint venture between Dow Jones and Reuters, provides electronic information to Global 4000 clients, and serves 82 percent of the Fortune 500. Like many subscription content providers, Factiva is used heavily by verticals, including financial services, pharmaceuticals, automotive, and consumer products groups.

Dialog has a similar enterprise clientele. "We have a large number of pharmaceutical clients as well as chemical organizations and consumer goods groups," Cynthia Murphy, senior VP for marketing at Dialog, said. Consulting, financial services, and law firms round out the list.

Dialog is the oldest online service, at 33 years old. Today it primarily serves information professionals, knowledge workers, and enterprise clients. For these businesses, "their need for information is very significant as part of the research and development process," she said. External content isn't just for large businesses, but for any business that depends on

information to develop its product or service, Murphy said. "A small biotech startup has almost the same information needs as a large pharma company."

Firms that use external content for their intranet might consider the source primarily a tool for management, but that can be a short-sighted approach. "While managers certainly play a role for assessing external business intelligence, it's oftentimes the front-line employees with advanced degrees and high-level responsibilities for product development that need input from professional journals, specialized databases, and reference materials," John Blossom, president of Shore Communications Inc, said. "The departments that benefit most from external content are the departments that drive product revenues — typically R&D, marketing, and sales."

Cost Factors

The cost of subscription content services is an ongoing challenge to most enterprises, "especially when services 'bundle' together content sources and make it difficult to select the sources that are of most use to their staffs," Blossom said.

Inexpensive and free content from the Web, easily delivered to intranets via XML and RSS feeds, may pose a threat to subscription services. "Content aggregators face challenges from free Web content... especially where general and trade news providers are challenged to find new revenues and trying to appeal more directly to professionals within major enterprises," Blossom said. "In addition, many publishers are deploying content products with rich data and user-contributed content that is not served up easily from aggregated subscription database products."

Subscription content providers are answering the challenge with features and services that make the content in their databases more valuable to users in workflow-centric applications that are seamlessly integrated into intranets.

"There are certainly individuals who are self-aggregating. We haven't seen that on an enterprise level," Factiva's Borchert said. "The information that we provide is trustworthy, authoritative, credentialed information, whereas the information you get from an RSS feed might not be," she said.

In addition, subscription providers can deliver information not available elsewhere: more than 60 percent of Factiva's content is not available on the free Web.

"The quality of the sources in this environment becomes much less of a factor as publishers provide more direct services to their audiences, leaving the aggregators to provide relatively specialized services," Blossom said.

Borchert said that subscription services can provide greater control and editorial judgement over the type of information that is delivered, right down to specific articles. "Clients can say 'Give us a set of topics. For certain topics, automatically post it. But if it's about our company I need to review it first. Particularly if it's negative,'" she said.

Commoditization of Content

Where subscription database services are able to support clients' needs for end-to-end business solutions with value-added functionality, services, and integration, they are thriving, according to Blossom. But these opportunities may become limited as software integrators, content management providers, search engine providers, and enterprises begin to develop source-agnostic solutions.

"Most enterprise budgets for subscription content remain flat, though overall spending on external content sources continues to increase," Blossom said. That paradoxical statement means that enterprises are recognizing that they need to match content acquisition costs more closely to revenue opportunities. Therefore, "they're reluctant to pay for bulk licensing of content any more than they have to so that budgets can be allocated at departmental levels for specific resources that can be justified easily in terms of ROI." Content acquisition is shifting to a just-in-time model to match expenses with revenues.

"The moral of the story is that when you normalize content into a generic database you set the stage for commoditization of content," Blossom said. "Premium content is far from dead, but content producers must adapt to the new realities of acquiring and producing intellectual capital if they don't want to be shuttered down like the steel mills of an earlier industrial era."

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